

Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 USIE-00 SP-02 AID-05 EB-07

NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 COME-00 FRB-01 CIAE-00 INR-07 NSAE-00 AGR-05

FEAE-00 L-02 H-01 NEA-09 OPIC-03 SAJ-01 PA-01 PRS-01

OES-03 /090 W

----- 080285

R 071343Z JAN 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 1326

INFO AMEMBASSY BELGRADE

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY VIENNA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE SECTION 1 OF 2 BUCHAREST 0047

PASS USIA/IEE

VIENNA FOR CHAIRMAN CASEY

E.O. 11652: N/A

TAGS: OVIP (CASEY, WILLIAM J.) EFIN, ETRD, RO

SUBJ: EMBASSY'S SUMMARY OF EXIMBANK CHAIRMAN CASEY'S VISIT TO ROMANIA

1. SUMMARY: IN A FAST-PACED ROUND OF VISITS ON JANUARY 3 AND 4, CHAIRMAN CASEY MET WITH PRESIDENT CEAUSESCU, PRESIDENTIAL COUNSELOR PUNGAN, DEPUTY PRIME MINISTER PATAN, AND FOUR OTHER MINISTERS, ACCOMPANIED BY AMBASSADOR AND THE CHAIRMAN OF THE ROMANIAN BANK FOR FOREIGN TRADE. CHAIRMAN CASEY EXPLAINED EXIMBANK OPERATIONS AND ASKED ROMANIANS FOR INFORM-
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ATION ON UPCOMING PROJECTS FOR WHICH THEY WOULD LIKE EXIMBANK

FINANCING. NEXT SIX MONTHS WILL SEE INTENSIVE NEGOTIATIONS WITH VARIETY OF US COMPANIES FOR CHEMICAL AND HEAVY MACHINERY PROJECTS FOR 1976-80 FIVE YEAR PLAN. MINISTRY OF AGRICULTURE WILL BE SEEKING TECHNOLOGY AND EQUIPMENT FOR MAJOR RECLAMATION PROJECT AND FOR BUILDING IRRIGATION CANALS. CHOICE OF BAC-111 AIRCRAFT IS "NINETY PERCENT FINAL"--BUT BOEING AND DOUGLAS WILL PRESENT LAST-DITCH OFFERS EARLY THIS WEEK. PRESIDENT CEAUSESCU SAID THAT NO DECISION HAS BEEN TAKEN TO PERMIT FOREIGN OIL COMPANIES TO EXPLORE OFFSHORE BECAUSE OFFERS WERE INADEQUATE THUS FAR. END SUMMARY

2. IN MEETING WITH BANK FOR FOREIGN TRADE CHAIRMAN VASILE VOLOSENIUC, CHAIRMAN CASEY DISCUSSED CURRENT EXIMBANK RANGES FOR PARTICIPATION AND INTEREST. VOLOSENIUC POINTED OUT THAT DECISIONS ON COMPETING IMPORT OFFERS COULD DEPEND UPON WHETHER EXIMBANK'S OFFER WAS CLOSE TO UPPER OR LOWER LIMITS. CHAIRMAN CASEY SAID THE BOARD WOULD DO ITS BEST TO FURTHER EXIMBANK'S EXPANDING RELATIONSHIP WITH ROMANIA.

3. MINISTER OF FINANCE FLOREA DUMITRESCU BRIEFLY DESCRIBED ROMANIA'S NEXT 5-YEAR PLAN AND FINANCIAL POLICY. IN RESPONSE TO QUESTIONS BY CHAIRMAN CASEY, DUMITRESCU SAID THAT ROMANIA'S BALANCE OF PAYMENTS IS EXPECTED TO SHOW A DEFICIT FOR 1974 (ALTHOUGH HE DIDN'T KNOW HOW BIG). HE CONFIRMED RECENT ROMANIAN CONTACTS WITH IRAN AND KUWAIT IN EFFORTS TO OBTAIN CREDITS. DUMITRESCU PROMISED TO PROVIDE A LIST OF POSSIBLE JOINT VENTURES IN THIRD COUNTRIES FOR WHICH US FIRMS AND EXIMBANK FINANCING WOULD BE WELCOME. AFTER ASKING CASEY FOR HIS VIEWS ON GOLD, DUMITRESCU SAID ROLE OF GOLD AS MONETARY INSTRUMENT SHOULD BE CAREFULLY STUDIED--ESPECIALLY IF REVALUATION OF GOLD STOCKS COULD SERIOUSLY AFFECT PRICE OF OIL.

4. MINISTER OF CHEMICAL INDUSTRY MIHAIL FLORESCU DETAILED A LONG LIST OF THE MAJOR PROJECTS HIS MINISTRY WAS ABOUT TO NEGOTIATE WITH AMERICAN FIRMS OVER THE NEXT SIX MONTHS, WITH A TOTAL IMPORT VALUE OF AT LEAST SEVERAL HUNDRED MILLION DOLLARS. HE NOTED THAT ALL WERE REQUIRED FOR 1976-80 5-YEAR PLAN, AND WERE ONLY THE LARGEST AND MOST URGENT AMONG THOSE THAT HAD TO GET UNDERWAY IN 1975. INCLUDED IN THE LIST WAS THE TWO-STAGE, BLACK SEA LIMITED OFFICIAL USE

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REFINERY/PETROCHEMICAL COMPLEX, WHICH COULD INVOLVE UP TO \$300 MILLION IN IMPORTS FROM THE US OVER A 4-YEAR PERIOD. CHAIRMAN CASEY ALSO VISITED THE BRAZI PETROCHEMICAL COMPLEX AND GENERAL TIRE'S RADIAL TIRE FACTORY PROJECT IN FLORESTI THE FOLLOWING DAY, BOTH OF WHICH WERE ASSISTED BY EXIMBANK FINANCING.

5. MINISTER OF HEAVY MACHINERY IOAN AVRAM OUTLINED HIS

MINISTRY'S PROJECTS WHICH MAY CALL FOR EXTERNAL FINANCING OF \$80 TO \$100 MILLION IN COMING MONTHS, INCLUDING A FACTORY FOR LARGE BEARINGS, MACHINERY FOR MANUFACTURING NEEDLE BEARINGS, AND PREFABRICATING CENTERS FOR HIGH PERFORMANCE MACHINE TOOLS. ROMANIA ALSO INTENDS TO BOTH PURCHASE AND PRODUCE HEAVY CONSTRUCTION EQUIPMENT, WHICH IT WILL NEED FOR THE DANUBE-BLACK SEA CANAL AS WELL AS FOR INTENSIFIED DEVELOPMENT OF IRRIGATION. AVRAM SAID HE INTENDS TO VISIT THE US IN ABOUT 30 TO 40 DAYS, BUT ONLY AFTER PREPARING GROUND FOR CONCRETE TALKS. HE PLANNED TO SEND A GROUP TO THE US FOR EACH MAJOR GROUP OF PROJECTS TO DETERMINE WHAT CAN BE ACCOMPLISHED AND WHEN.

6. MEETINGS WITH DEPUTY PRIME MINISTER ION PATAN AND PRESIDENTIAL COUNSELOR VASILE PUNGAN WERE MORE GENERAL IN NATURE, COVERING

BROAD VIEWS OF FINANCE, TRADE AND INDUSTRIAL DEVELOPMENT IN ROMANIA. BOTH INDICATED, IN RESPONSE TO QUESTIONS, THAT THE CHOICE OF MEDIUM-RANGE COMMERCIAL AIRCRAFT WAS NOT YET FINAL ALTHOUGH PATAN SAID IT WAS "90 PERCENT" FINAL IN FAVOR OF BAC 111 AND WOULD PROBABLY BE CONCLUDED IN NEXT FEW DAYS. THE AMBASSADOR SAID

THAT BOTH BOEING AND DOUGLAS REPRESENTATIVES WOULD BE IN TOWN MONDAY OR TUESDAY, PRESUMABLY TO MAKE FURTHER OFFERS. PATAN AGREED TO PROVIDE A LIST OF MAJOR PROJECTS COMING UP IN THE NEXT PLAN FROM ALL THE ECONOMIC MINISTRIES. HE SAID THE 1976-80 PLAN WOULD BE IN ITS FINAL FORM IN NEXT MONTH AND HALF.

7. CHAIRMAN CASEY'S MEETING WITH PRESIDENT CEAUSESCU WAS ALSO GENERAL, ALTHOUGH CEAUSESCU EMPHASIZED ROMANIA'S PLANS FOR AGRICULTURAL DEVELOPMENT, ESPECIALLY IRRIGATION. HE SAID THAT NO DECISION HAD BEEN REACHED ON OFFSHORE EXPLORATION BY FOREIGN COMPANIES BECAUSE OF THEIR OFFERS WERE NOT SUFFICIENTLY ATTRACTIVE SO FAR.

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8. MORE DETAILED DISCUSSION OF IRRIGATION PLANS, INCLUDING IRRIGATION CANALS, CONTINUED DURING CASEY'S MEETINGS WITH MINISTER OF AGRICULTURE ANGELO MICULESCU. CHAIRMAN CASEY SUGGESTED THAT A MISSION OF US COMPANY EXPERTS MIGHT HELP ROMANIA FORMULATE A PROJECT TO RECLAIM SALINE SOILS. MICULESCU REPLIED THAT THIS WOULD HELP THEM CHOOSE BEST MEANS AND EQUIPMENT, IF MISSION WERE ABLE TO SEE AREA AFTER IT IS IN VEGETATION. CASEY SAID THAT EXIMBANK WOULD LOOK INTO POSSIBILITIES OF SUCH A VISIT SO THAT JOINT COMMISSION COULD CONSIDER A POSSIBLE PROGRAM.

9. EMBASSY COMMENT: ALTHOUGH EVIDENCE HAS BEEN ACCUMULATING THAT MINISTRIES IN PRIORITY SECTORS, PARTICULARLY MINISTRY OF CHEMICAL INDUSTRY, HAVE BEGUN TO PUSH PROJECTS TOGETHER THAT

ARE PLANNED FOR EXECUTION DURING 1976-80, FLORESCU AND AVRAM
OBJECTIVES TO CONCLUDE NEGOTIATIONS IN NEXT FEW MONTHS ARE

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INFO OCT-01 EUR-12 ISO-00 USIE-00 SP-02 AID-05 EB-07

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OES-03 /090 W

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R 071343Z JAN 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 1327

INFO AMEMBASSY BELGRADE

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

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VIENNA FOR CHAIRMAN CASEY

PROBABLY NOT ALL ATTAINABLE. EMBASSY WILL CHECK ON PROMISED LISTS
OF UPCOMING DOMESTIC PROJECTS AND POSSIBLY THIRD-COUNTRY
PROJECTS AND FORWARD THEM WHEN RECEIVED. SIMILARLY, EMBASSY
WILL FORWARD ANY NEW DETAILS TO ASSIST EXIMBANK IN PLANNING

CONTACTS WITH US FIRMS FOR SALINE SOIL RECLAMATION AND IRRIGATION.
BEYOND PROVIDING AN UNUSUALLY BROAD VIEW OF CURRENT THINKING OF
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ECONOMIC LEADERSHIP -- AND A SENSE OF URGENCY NOT OFTEN SEEN
AT LOWER LEVELS -- CHAIRMAN CASEY'S COMMENTS MAY HAVE HELPED
ROMANIANS TO FOCUS MORE CLEARLY ON THE REALITIES OF INTERNATIONAL
FINANCE AND CREDIT-WORTHINESS. AT THE SAME TIME, GOR INDICATED ITS
STRONG INTEREST IN BUYING TECHNOLOGY FROM US AND IN EXIMBANK
FINANCING. DRAFT MEMCONS WILL FOLLOW BY POUCH TO EXIMBANK
FOR CLEARANCE AND DISTRIBUTION.
BARNES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, PETROLEUM, PROGRAMS (PROJECTS), BANK LOANS, MEETINGS, CHEMICALS, REFINERIES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUCHAR00047
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750006-0374
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750174/aaaacmti.tel
Line Count: 239
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2003 by BoyleJA>; APPROVED <02 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMBASSY'S SUMMARY OF EXIMBANK CHAIRMAN CASEY'S VISIT TO ROMANIA
TAGS: OVIP, EFIN, ETRD, RO, XMB, (CASEY, WILLIAM J)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006